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C O N F I D E N T I A L UNVIE VIENNA 000243

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FOR S, D(S), P, T, ISN, NEA, AND IO  
DOE FOR NA-243  
NSC FOR SCHEINMAN, CONNERY  
NRC FOR DOANE

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TAGS: [AORC](#) [ENRG](#) [KNNP](#) [EG](#) [SA](#)  
SUBJECT: NUCLEAR FUEL ASSURANCES: TOP-LEVEL APPROACHES TO  
SAUDI ARABIA AND EGYPT

REF: A. UNVIE 0154  
[1](#)B. UNVIE 0198  
[1](#)C. UNVOE 0095

Classified By: Ambassador Gregory L. Schulte, 1.4 (b) and (d)

[1](#)1. (SBU) At the conclusion of his meeting with U.S. House of Representatives leaders Waxman and Lowey on May 26 (septel to follow), IAEA Director General (DG) ElBaradei engaged for several minutes separately with Ambassador and Msnoff on tactics for Board of Governors consideration of nuclear fuel assurance proposals. The annotated provisional agenda for the Board's June 15-19 meeting foresees that the Board request the Director General:

-- Prepare for its consideration a detailed proposal for the establishment of an IAEA Low Enriched Uranium (LEU) bank; and,

-- Bring for its consideration the draft of an agreement that could be concluded between the Russian Federation and the IAEA for the supply of LEU to the IAEA and of a model agreement that could be concluded between the IAEA and a Member State (i.e., one suffering a politically-motivated cut-off of commercial or other access to LEU for power plant fuel).

Thus, at the Board's June meeting ElBaradei aims for interim steps leading to prospective approval by the Board (ideally in September 2009) of two parallel mechanisms with which the Agency could assure states of the availability of LEU for their civil power programs and thereby provide an alternative to acquiring uranium enrichment capabilities.

[1](#)2. (C) Ambassador reminded ElBaradei that four G-77 states -- Argentina, Brazil, Egypt, and South Africa -- were the skeptics dominating the Group's formal position on multilateral nuclear arrangements (MNAs). ElBaradei undertook to lobby South African IAEA Governor Abdul Minty directly. He repeated his advice (reported ref A) that the U.S. should approach Egyptian President Mubarak to secure Egypt's passive concurrence with the process proposed for the June Board. A U.S. approach to Mubarak should clarify that an IAEA nuclear fuel bank or other mechanism will not involve Israel (as it has no nuclear power plants) and is unconnected to Egypt's preoccupation, the Middle East Nuclear Weapons Free Zone.

[1](#)3. (SBU) As reported ref B, during the Beijing nuclear energy ministerial, Ambassador Schulte spoke with Egypt's

minister for energy and electricity, Hassan Younes, on multilateral nuclear fuel assurances. The minister was pragmatic and constructive about the issue. In consultations in Vienna and in Riyadh, U.S. diplomats have also found Saudi Arabia amenable to the fuel bank issue, but despite several efforts we have thus far not persuaded the Kingdom to speak up in favor of the issue in the IAEA Board of Governors.

¶4. (SBU) With the President's Prague speech and ElBaradei's statements during the March Board of Governors meeting (ref C), there is ample reassurance that no country's rights to develop peaceful uses of nuclear energy must be forfeited in connection with permitting development of the leading fuel bank/fuel reserve concepts.

¶5. Action request: With this background, Mission recommends the Department and White House consider whether opportunities around the President's June 3 and 4 meetings with Saudi King Abdullah and Egyptian President Mubarak, respectively, could be used to advocate for progress in the IAEA on the international nuclear fuel bank concept. We provide talking points from which drafters of Presidential briefing materials may wish to draw.

¶6. Proposed Talking Points:

-- In Prague I said an international nuclear fuel bank should be part of a new framework for cooperation, so that countries like Saudi Arabia/Egypt can access peaceful power without increasing the risks of proliferation.

-- Mohamed ElBaradei has presented our delegations in the IAEA Board of Governors with two discussion papers, one on an

IAEA nuclear fuel bank concept and one treating Russia's proposal to make uranium available to the IAEA.

-- Both proposals could support countries in the development of safe, secure, proliferation-resistant nuclear power for their prosperity.

-- ElBaradei points out privately that the fuel bank will play no role in the Middle East disarmament issue, as Israel, having no nuclear power plant, will be unaffected by the existence of a fuel bank.

-- For countries that have serious prospects of operating civil nuclear power in the future, an IAEA fuel bank can be cost-free insurance for the availability of LEU. Other developing states want this opportunity open to them. The Non-Aligned Movement may wish to be careful about closing it off.

-- I hope you will instruct your delegation in Vienna to concur with ElBaradei and his staff developing these concepts further and bringing detailed proposals to the Board.

SCHULTE